

Message Text

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PAGE 01 STATE 220873

20

ORIGIN EB-07

INFO OCT-01 EUR-12 NEA-10 IO-10 ISO-00 FEA-01 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 PA-01

PRS-01 /114 R

DRAFTED BY EB/CSB/OSB:JRGRAHAME:CEK

APPROVED BY EB:TOENDERS

NEA/INS:RMORLEY (DRAFT)

EB/CSB/OSB:ADBRAMANTE

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FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

INFO USMISSION OECD PARIS

USMISSION USUN NEW YORK

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E.O. 11652: N/A

TAGS: ENRG, ETRD, US, IN, XX

SUBJECT: CALL ON ASST. SEC. ENDERS

1. VENKATESWARAN, NEW INDIAN EMBASSY DCM, MADE INITIAL

CALL ON ASST. SEC. ENDERS (EB) SEPT. 12. EB AND NEA

OFFICERS WERE PRESENT.

2. IN RESPONSE TO QUESTION ON ESTABLISHMENT OF PRO-DUCERS/CONSUMERS CONFERENCE FOURTH COMMITTEE ON FINANCE, ENDERS SAID WE WERE UNENTHUSIASTIC, BUT THAT WE WILL

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PAGE 02 STATE 220873

ACCEPT COMMITTEE PROVIDED THAT FINANCIAL AND MONETARY

MATTERS DEALT WITH IN IMF AND OTHER INSTITUTIONS ARE NOT INCLUDED IN ITS MANDATE. TURNING TO SECRETARY'S SPEECH AT UNGA SEVENTH SPECIAL SESSION, ENDERS MADE THREE MAIN POINTS:

- IN ORDER TO ACHIEVE WIDER LDC PARTICIPATION IN ECONOMIC DECISIONS AND NEW LINKS AND DEALS BETWEEN NORTH AND SOUTH, A NEW SET OF STRUCTURES IS REQUIRED;
- THESE DEALS MUST OFFER MUTUAL ADVANTAGE TO BOTH DEVELOPED AND DEVELOPING COUNTRIES. WITHOUT THIS INGREDIENT, THEY WILL NOT RECEIVE THE PUBLIC SUPPORT NEEDED TO MAKE THEM OCCUR;
- THE INCREASED TRANSFER OF RESOURCES REQUIRES NEW INSTITUTIONS, OPENING NEW SPIGOTS.

3. IN RESPONSE TO VENKATESWARAN'S ASSERTION THAT TRADE BETWEEN THE DEVELOPED AND DEVELOPING NATIONS MUST RESULT IN INCREASED LIQUIDITY FOR LDC'S, ENDERS SAID THAT

PROBLEM WAS THAT DC'S HAVE INCREASED COMMODITY PRODUCTION AT A FASTER RATE THAN LDC'S, AND THAT THE LDC ATTEMPT TO SOLVE THE PROBLEM BY SETTING "FAIR PRICES" WILL ONLY SERVE TO ACCELERATE THIS PROCESS. OUR INITIAL STUDY OF THE EFFECTS OF AN INTEGRATED COMMODITY PROGRAM INDICATES THAT CERTAIN DEVELOPED COUNTRIES WOULD BE THE CHIEF BENEFICIARIES WITH SUCH DEVELOPING COUNTRIES AS INDIA, A NET IMPORTER OF COMMODITIES, GIVING UP INCOME. ENDERS HOPED THAT THE PRODUCERS/CONSUMERS CONFERENCE WOULD ANALYZE THE EFFECTS OF AN INCREASED INDEX UNDER AN INTEGRATED COMMODITY PROGRAM.

4. VENKATESWARAN SAID THAT WHERE RAW MATERIAL EXPORTS ARE VITAL TO A COUNTRY'S DEVELOPMENT SOMETHING SHOULD BE DONE. TRAUMA COULD BE AVOIDED IF PRICES WERE RAISED GRADUALLY. ENDERS NOTED THAT INDIA SHOULD LOOK CLOSELY AT COMMODITY INDEX QUESTION SINCE RISING PRICES WOULD

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PAGE 03 STATE 220873

ENCOURAGE REPLACEMENT OF SOME INDIAN RAW MATERIAL EXPORTS WITH MAN-MADE SUBSTITUTES. VENKATESWARAN NOTED THAT THIS CAUTION HAS BEEN REFLECTED IN GOI POSITIONS ON THE ISSUE.

5. NOTING THAT IMF GOLD RESERVES DISTRIBUTION PROGRAM WILL IMPROVE INDIAN LIQUIDITY, ENDERS SAID WE HOPED A BIGGER STEP TOWARD THIS END COULD BE TAKEN NEXT YEAR. WE

INTEND TO MAINTAIN OUR FORWARD POSITION AT UN AND PRODUCERS/CONSUMERS CONFERENCE AND HOPE THAT ANALYSIS AND DEBATE OF AREAS OF DISAGREEMENT WILL AVOID NEW CONFRONTATION. ENDERS SAID GOI SHOULD TELL ITS ARAB FRIENDS THAT RAISING OIL PRICES WOULD BE BEST WAY TO KILL PROGRESS.

VENKATESWARAN SAID GOI IS TRYING TO RESTRAIN ARAB

EXTREMISTS, AND HOPES THAT ANY CONFRONTATION WILL BE DIRECTED AGAINST PROBLEMS AND NOT AGAINST COUNTRIES. SISCO

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